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X Director of Central Intelligence

ARMY Declass/Release Instructions On File

Reference Enclosures

CIG Directive #12 TAB A - Brief of
 Agency
 Reports

TAB B - Summary of
 the Situation

TAB C - Newspaper
 Clipping -
 THE WASHINGTON
 POST (with original only)

SUBJECT: Adequacy of Existing Intelligence Facilities Within the State, War and Navy Departments

1. Under the provisions of CIG Directive #12, the Central Planning Staff made a broad survey of the intelligence facilities in each of the Departments. This survey shows that serious reductions have been made in all Departments and additional cuts are contemplated.

2. Individual reports from the Departments are briefed in TAB A, a summary of the situation is attached as TAB B, a newspaper clipping indicating future trends is attached as TAB C.

3. It is recommended that:

a. The Director discuss this situation at the next meeting of the National Intelligence Authority and make the suggestions that no further

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curtailment be made by the Departments in intelligence activities until the Central Intelligence Group (Inter-Departmental Coordinating and Planning Staff) can complete a detailed study and functional analysis of intelligence activities in the national government.

b. The Inter-Departmental Coordinating and Planning Staff be directed to initiate at once the study referred to in a above.

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TOP SECRET**BRIEF OF AGENCY REPORTS**

1. In the conduct of the survey directed by C.I.G. Directive No. 12 a questionnaire attached as TAB B was prepared and submitted to each of the departmental intelligence agencies. The replies received are briefed in the following paragraphs.

2. ACAS/ 2 HEADQUARTERS ARMY AIR FORCE. The minimum post-war strength recommended by ACAS/2 was 615 persons and at the present time 366 are authorized. This personnel authorization results in the reduction of the air intelligence effort as follows:

a. The Air Intelligence Division established by JCS 1021/3 (Navy-Air Corps Participation) is the only agency capable of producing air intelligence and will be reduced in qualitative and quantitative output due to shortage of personnel. It will not be in a position to produce intelligence of acceptable standard in the field of enemy and friendly air capabilities, enemy and friendly air vulnerabilities and their interrelation.

b. The Air Information Division will curtail its representation on the reading panel of the Director of Intelligence, WDGS, thereby diminishing the flow of air information to the Air Forces:

(1) The analysis of captured photographic material will be suspended, thereby depriving the Air Forces of its only source of target intelligence in some vital areas of the world such as Germany, Poland and parts of Russia. The field will remain unexploited unless adequate personnel are provided.

(2) Post-war mapping and charting for which basic coverage has been obtained will fall below acceptable minimum standards due to shortage of personnel. Thus the Air Forces will fail to meet its obligations to provide strategic maps of critical areas of the world.

(3) The processing of combat photography, including its indexing by machine records, will be suspended. This photography, together with (1) above, constitutes the only source of target intelligence in many vital areas of the world.

c. AC/AS-2 is not now meeting its responsibilities to lower echelons and cannot delegate any increased responsibilities to the lower echelons because of personnel curtailments in all echelons.

d. The Office of AC/AS-2 cannot meet its intelligence requirements as they relate to the national security under the reduced program.

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3. The Director of Intelligence, WDGS. The minimum post-war strength recommended by the Director was 7547 (including the Army Security Agency) and at the present time 3233 are authorized with further reductions contemplated in September 1946. These reductions are causing elimination or curtailment of vital functions as follows:

a. The Security Group will not be able to continue some of its most vital and important elements as those which constitute inescapable obligations in the operations of the War Department must be maintained. Among the important functions eliminated are those of:

- (1) Loyalty, disaffection, espionage, subversion and sabotage investigations.
- (2) Preparation of C.I.C. manuals, regulations and instructions.
- (3) Maintenance of subversive files and disposition of subversive and potentially subversive personnel.
- (4) Field inspections and review of all derogatory and complaint type cases.

b. The Collection Group with the dissolution of the Army Service forces has assumed the added responsibility for the collection of foreign intelligence within the United States. Its responsibilities, therefore, have increased considerably. It is estimated that the Collection Group will have to curtail:

- (1) Its collection planning function.
- (2) Its collection center which provides detailed direction of the information-gathering effort abroad and within the United States.
- (3) Its Foreign Branch resulting in a decrease in the number of requests processed to overseas sources, hindering the development of new sources, and decreasing the Branch efficiency in improving production from existing sources.
- (4) Its Military Branch resulting in:
 - (a) Cessation to some extent of the exploitation of German and Russian scientific and military personnel under Service custody in the United States.
 - (b) Elimination of extensive search for such additional foreign personnel and documents as would facilitate development of information required by the Intelligence Plan.

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(5) Its Domestic Branch which is responsible for the development, coordination and supervision of a nationwide collection network through use of Service Commands or Army Area Headquarters to tap domestic sources of information. The proposed cut would eliminate briefing and interviews in Washington of military personnel and specially selected American citizens prior to departure for foreign travel and interviews on their return, and activities incident to collection of internal security information.

(6) Its Washington Liaison Branch which will eliminate active liaison with all government agencies except State and Navy Departments, thus resulting in lessened assistance to War Department in preparation of joint research projects by other government agencies. The interchange of cable traffic with State Department will be cut down.

(7) Its ASA Target Branch which must eliminate certain special research functions in relation to the collection of collateral information and curtail MIS guidance to ASA.

(8) Its Reading Panel Branch which will be able to process only 50% of material now being received.

(9) Its Analysis Branch, thus depriving the military attaches and other field personnel of information indicating the receipt, use and value of their reports.

c. The Intelligence Group is the only agency capable of producing intelligence based on research and evaluation in the War Department. It will not be in a position to produce intelligence equal to the research required by war standards. Among the functions eliminated are the following:

- (1) Who's Who intelligence, except for military personalities.
- (2) Subversive intelligence.
- (3) Document research.

Among the intelligence activities curtailed are:

- (1) British Empire.
- (2) Western Europe.
- (3) Pan-America.
- (4) Far East.
- (5) Domestic.

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d. The Personnel and Administrative Group. The reduction in this group causes a reduction in the efficiency of the administrative process which has a direct relation to the ability of the research and collection groups to properly perform their missions. For example, the Reproduction Branch is considerably behind schedule and the Records Branch work load has increased as other units are being deactivated, as their records are forwarded to the Records Branch for disposition.

e. The Army Security Agency.

(1) Production of intelligence will be curtailed 50% on France, Spain, Portugal, Balkans, Chinese National Government, South America, the Near East and Italy.

(2) The planning and functioning of strategic intercept and the effective control of current intercept facilities will be seriously curtailed.

(3) One hundred specialists were transferred to the Navy which has advised the ASA that they have no funds to carry out the assigned mission.

(4) The entire Protective Branch will be eliminated; thus, the agency will not be able to discharge its responsibility in the field of radio deception.

(5) The Transmission Security Section which supervises and analyzes Army world wide communication network for violations of cryptographic security and transmission security procedures will be eliminated.

(6) The Research and Development Division because of reductions will be unable to keep abreast of new developments in communications, and will be forced to curtail basic research on the development of ciphony and cifax equipment, as well as electronic research for cryptologic advances.

(7) The Operations Division produces intelligence through the interception and cryptanalysis of foreign communications. If this division is curtailed a loss of continuity in operations will ensue to the detriment of the national security and a resulting loss in accuracy and clarity of special research projects produced in the Office of the Director of Intelligence, WDGS.

f. The Office of the Director of Intelligence, WDGS cannot meet its intelligence requirements as they relate to the national security under the reduced program.

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4. OFFICE OF THE CHIEF OF NAVAL INTELLIGENCE, NAVY DEPARTMENT.

The minimum post-war strength recommended by the Chief, ONI was 1528 persons and at the present time 1233 are authorized. The reductions were based on pending legislation. This restriction in the allotment causes the reduction of the naval intelligence effort as follows:

a. Domestic through the curtailment of the collection of foreign intelligence from within the continental United States by locating sources and the ensuing process of tabulation and recording.

b. Foreign through the elimination of four naval attaché posts and reduction of personnel in other posts throughout the world.

c. Research inasmuch as

(1) The Technical Intelligence Center will be greatly handicapped in processing an increased flow of technical documents which require immediate attention.

(2) The Graphic Center has approximately 6,000,000 unworked prints on hand and it is essential to the strategic plans and operations of the Navy that these be processed on a current basis. It is estimated that an additional 20 civilians will be required for the next ten years to process this material.

(3) The Washington Document Center should continue in operation until March 1947. Unless allowance is provided for this function it will be closed out on 20 August 1946 since no post-war complement is authorized.

(4) The Photographic Intelligence Center has been forced to curtail and eliminate the following:

(a) Photographic Intelligence publications

(b) Terrain model making

(c) Photogrammetry

(5) Operational research must be curtailed.

(6) JISPB Representation. ONI has fallen behind on its deadlines for JANIS because of personnel reductions.

(7) JANAID. (Navy-Air Corps Participation) The total personnel reduction made by the Navy for this function would force a severe curtailment were it not for the assistance of A-2. However, A-2 is faced with personnel cuts and may not be able to render much assistance to ONI.

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5. OFFICE OF THE SPECIAL ASSISTANT TO THE SECRETARY OF STATE FOR RESEARCH AND INTELLIGENCE. The minimum post-war strength recommended was 988 persons and at the present time 939 are authorized by Congress. It is yet unknown as to how the State Department will absorb the increase in pay effective 1 July 1946. It may be that a further net reduction in personnel may be necessary if State does not request a deficiency appropriation. The elimination of 51 positions in the Outpost Division which originally requested 60 positions throughout the world for the purpose of full-time reporting postpones a realization of the objectives of this vital program. A reduction in biographical intelligence personnel made by the Bureau of the Budget and sustained by the Congress will necessitate that activity being continued on a reduced scale.

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Approved For Release 2001/08/27 : CIA-RDP64-00658A000100220024-8
SUMMARY OF THE SITUATION

1. Under the authority of C.I.G. Directive No. 12 issued 7 June 1946, the Central Intelligence Group made a survey of the intelligence facilities in each of the intelligence agencies of the Departments of State, War and Navy to ascertain whether these agencies could adequately perform under present personnel allotments their intelligence functions as determined by the national intelligence mission.

2. Departmental reports secured in the course of the survey indicate that the following widespread reductions in the allotment of intelligence personnel have been made as against their minimum postwar requirements:

a. The recommended postwar strength for ACAB/2 Headquarters, Army Air Forces, was a total of 615 positions. The current authorized strength for that organization was 366 positions, entailing a reduction of 249 positions.

b. The recommended postwar strength for the Office of the Director of Intelligence, W.D.C.S. (including the Army Security Agency) was a total of 7547 positions, military and civilian. The current authorized strength is 3238 positions, entailing a reduction of 4309.

c. The recommended postwar strength for the Office of Naval Intelligence was a total of 1526 positions, military and civilian. The current authorized strength is 1233 positions, entailing a reduction of 293.

d. As a result of the final action taken on the State Department Research and Intelligence budget by the Congress, it was necessary to make a reduction of 51 positions in the research attache program contemplated by the Special Assistant to the Secretary of State for Research and Intelligence.

3. A 1½ per cent pay increase, effective 1 July 1946, was granted by the Congress to civilian employees of the Federal Government. No provision was made, however, by the Congress for further appropriations to the Departments to offset the greater expenditures required by the pay increase. It appears that the Departments may be forced to make a net reduction in personnel strength in order to absorb the pay increase and stay within the current appropriations. The effect of this action, if taken, on the scope of the intelligence program cannot be determined at this time. (See TAB C)

4. Departmental reports indicate that as a result of the above reductions they will be forced to eliminate or curtail a number of intelligence functions. It is believed that such curtailment will seriously impair the Departments' ability to fulfill effectively their missions. This will not only hamper the effectiveness of the Central Intelligence Group, but will place on it a greater responsibility for augmenting the Department's work.

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d. The Personnel and Administrative Group. The reduction in this group causes a reduction in the efficiency of the administrative process which has a direct relation to the ability of the research and collection groups to properly perform their missions. For example, the Reproduction Branch is considerably behind schedule and the Records Branch work load has increased as other units are being deactivated, as their records are forwarded to the Records Branch for disposition.

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